DoD CONTRACT
MANAGEMENT CONFERENCE


1968 DALLAS, TEXAS

**DISTRIBUTION STATEMENT A**
Approved for Public Release
Distribution Unlimited



REPORT OF PANEL 7

# THE CAS COMPUTER COMMUNICATION NETWORK

**DEFENSE SUPPLY AGENCY**
HEADQUARTERS
CAMERON STATION
ALEXANDRIA, VIRGINIA 22314

29 November 1968

To The Recipients of This Publication:

In the fall of 1968, a DoD Contract Management Conference was held in Dallas, Texas. Attending this conference were some of the foremost authorities in the field of contract management from both government and industry.

The objectives of this conference were to identify the major contract management problems of today and develop specific action programs for their resolution. These participants assembled to identify the long-range trends and problems in contract management and develop actions, plans, and goals to insure an effective and efficient operation in the future.

This publication is a record of the thoughts and ideas expressed at this meeting. It is a record which is being used in developing and implementing the recommendations expressed by these very able panel chairmen and conferees who worked so hard to produce this product.

J. L. HOWARD
Rear Admiral, SC, USN
Chairman
DoD Contract Management Conference

# FINAL PANEL REPORT

Panel No. 7

CAS COMPUTER COMMUNICATION NETWORK

1968 DoD Contract Management Conference

IMPACT 73

## PREFACE

Panel 7, "The CAS Computer-Communication Network," had the responsibility of reviewing the CAS computer communications network from the standpoint of possible problems that could delay MILSCAP implementation. The Panel was also charged with developing objectives that should be pursued via MILSCAP through at least 1973.

Panel 7 identified twenty areas where an expansion of MILSCAP might be profitable. These are discussed thoroughly and recommendations made to further the CAS communication network.

TABLE OF CONTENTS

PANEL 7

CAS COMPUTER COMMUNICATION NETWORK

| | |
|---|---|
| Mr. John C. Rimkus<br>Assistant Chief, Systems Division<br>HQ Defense Supply Agency<br>Alexandria, Virginia 22314 | CHAIRMAN<br>DSA |
| Mr. Clyde Begley<br>Chief, ADP Systems Engineering Division<br>Management Systems & Data Automation Directorate<br>HQ U. S. Army Materiel Command<br>Washington, D. C. 20315 | CO-CHAIRMAN<br>Army |
| Mr. E. J. Jordan<br>Director of Management Systems and Data Automation<br>U. S. Army Munitions Command<br>Picatinny Arsenal<br>Dover, New Jersey 07801 | Army |
| Commander Robert P. Perry, SC, USN<br>HQ Naval Material Command (MAT 0255)<br>Navy Department<br>Washington, D. C. 20360 | Navy |
| Mr. G. Papalios<br>AFLC Advanced Logistics Systems Center (ACSA)<br>Wright Patterson Air Force Base<br>Ohio 45433 | Air Force |
| Mr. Robert G. Bordley<br>Deputy Chief, Management Data Division<br>Office of Plans and Management<br>Contract Administration Services<br>HQ Defense Supply Agency<br>Alexandria, Virginia 22314 | DSA |
| Mr. Theodore B. Gudis<br>Chief, Transportation & Traffic Management Division<br>Executive Directorate of Production<br>Contract Administration Services<br>HQ Defense Supply Agency<br>Alexandria, Virginia 22314 | DSA |

Mr. Burl Griffin — Air Force
Comptroller
Air Force Contract Management Division
Air Force Unit Post Office
Los Angeles, California 90045

Mr. Patrick J. Brady — Army
Communications Specialist
U. S. Army Strategic Communications Command
Fort Huanchuca, Arizona 85613

Mr. Joseph W. Redding — DSA
Defense Supply Agency
Cameron Station, 4D429
Alexandria, Virginia 22314

Captain Robert A. Wells, SC, USN — Navy
Staff Director
Material Management Systems Division
Office of the Assistant Secretary of
Defense (I&L) (SS)
The Pentagon, Room 3C725
Washington, D. C. 20301

CONFERENCE REPORT

Panel No. 7

# CAS COMPUTER COMMUNICATION NETWORK

1968 DoD Contract Management Conference

IMPACT 73

Gentlemen:

On behalf of Panel 7, I would like to highlight the findings, conclusions and recommendations of our report. Our panel was given the mission to review the CAS computer communications network from a standpoint of major problems that might preclude MILSCAP implementation on 1 July 1970, and objectives that should be pursued beyond 1 July 1970 in the early 1970s.

We reviewed the plans of the Military Services and DSA to determine if a responsive ADP operating system and adequate telecommunications support will be a reality when MILSCAP is implemented. Our findings indicate that all of the Military Services and DSA have stated officially to ASD(I&L) their ability to implement MILSCAP on 1 July 1970.

The data system of each of the Military Services and DSA, however, will vary in degree as to its responsiveness. Our panel identified five elements that constitute criteria for a responsive ADP operating system. As Dr. Grosch, who participated in our panel deliberations, said at the luncheon on Tuesday, these elements are both realistic and well within the State of the Art. These are:

(1) System must provide for a total integrated contract administration system.

(2) System must meet the MILSCAP time standards for processing and transmission.

(3) System must provide immediate access capability at the ICP-CAS level.

(4) System must provide remote inquiry capability where feasible.

(5) System must provide for communication of data consistent with the relative priority of the materiel on contract.

In reviewing the systems development plans of the Military Services and DSA, none of them expect to achieve what we consider responsive ADP operating systems earlier than 1 January 1971. This is not to say that MILSCAP won't be implemented 1 July 1970. To meet the implementation date of 1 July 1970, two of the Military Departments will be required to implement MILSCAP with interim systems which will be phased out by integrated logistic systems scheduled for implementation six to twelve months thereafter.

To achieve uniform and highly responsive data systems there is a need on the part of ASD(I&L) to adopt criteria which defines responsive ADP operating systems to support contract administration offices. The criteria that we have outlined previously, as developed by the panel, provides a foundation for accomplishing this. In addition, there is a need for discrimination of priority items on contract in the processing and transmission of data. MILSCAP does not discriminate between contracts of varying priorities. The panel feels that intensively managed items require greater responsiveness than routinely managed items. Action should be taken on the part of ASD(I&L) to modify MILSCAP to recognize the need for discrimination of priority items on contracts in the processing and transmission of data.

We examined, to the best of our ability, the adequacy of telecommunications support for MILSCAP. Panel considerations were directed to both DCS AUTODIN and Military Department and DSA telecommunications facilities as to adequacy for supporting MILSCAP. MILSCAP is expected to increase the contract data communications traffic requirements substantially, but should not seriously impact the DCS AUTODIN from a network message handling capability standpoint. Military Departments and DSA have included additional as well as upgraded facilities in their programing actions and the full support of ASD(I&L) is required to ensure that these telecommunications needs are satisfied. In this same topical area, the panel came to the conclusion that there is a need for the development of definitive DoD guidelines to establish the relative priority of documents among the numerous data programs such as MILSTRIP, MILSTRAP, cataloging data and the like, and for uniform relationship with communication message precedence. Guidelines are also required for the uniform data system application of restrictions on access to AUTODIN. In this connection, our panel recommends that ASD(I&L) sponsor an Ad Hoc Committee composed of qualified Military Departments and DSA representatives from Functional, Data Systems and Communications area of responsibility to develop these definitive guidelines for relative importance and qualification of information for transmission by AUTODIN.

Concurrent with the implementation of MILSCAP, the panel feels that an automated management information system responsive to management's needs should be developed. Present management information systems report gross data which require manual interpretation to be useful and have limited value due to length of time required from time of preparation to the time it becomes available for analysis. There is a need for management information

systems which produce action and decision-type data on those items which are out-of-tolerance to the norm. Such a system should also have the capability to provide management with the tools and techniques to make direct mechanical inquiries against data banks and receive rapid responses to such inquiries. The recommendation in this area is that DSA and the Military Departments vigorously pursue system development projects to provide a responsive management information system for all echelons of CAS management.

MILSCAP will achieve standardization of procedures within the Department of Defense in the contract management function. There are many forms and documents which are prescribed for use in the contract management function that are neither standardized nor machine sensible and require keypunch type abstraction to enter the data processing system. Some of these documents are initiated by Government Agencies - others by contractors. As far as Government-prepared forms are concerned, little progress is being made on standardizing machine sensible forms used in contract management. By standardizing the placement of data on contracts and modification to contracts, source data automation techniques could be utilized. For example, we have standardized the PIIN and CLIN, but we have achieved little standardization of the contract format, e.g., delivery schedules, administrative data, and technical data. Panel 4 highlighted this deficiency. There is still an enormous amount of work to be accomplished in making the forms in ASPR compatible with MILSCAP and vice versa. Panel recommends that the ASPR Committee be charged with the responsibility to review the requirements of MILSCAP in order to achieve source data automation and create machine sensible documents; and secondly, to incorporate into ASPR the standard data elements of MILSCAP in order to alleviate the task of conversion to the MILSCAP system. On the contractor's side of the house, the DD Form 250, for example, is a candidate for source data automation. There is a need on the part of ASD(I&L) to encourage the contractors to participate in the MILSCAP program, such as utilizing MILSCAP abstracts from PCOs, thereby perpetuating automated data from the PCO through the ACO to the contractor. The contractor should be encouraged to continue the processing of automated data through the furnishing of magnetic tapes, paper tapes or punch cards in lieu of hard copy documents like the DD Form 250.

In the area of further improvements to MILSCAP, the Panel identified 20 areas into which an expansion of MILSCAP might prove

fruitful. I would like to mention some of these areas:

(1) Termination Notification - Techniques required to allow a PCO to quickly notify a CAO that a termination is in progress and to freeze any action that may be taking place or scheduled to take place.

(2) Pricing - Several studies made heretofore have indicated a need for a central data bank of pricing information within DoD. This data bank would have all prices on a particular Federal Stock Number. Both the Buying Offices and the CAO should be able to query the data bank system. The feasibility of establishing such a data bank in the MILSCAP system should be examined.

(3) Contractor Performance Evaluation - There is a need for each service to have automated access to information covering the performance of contractors on past procurements. This data will be generated as part of the normal MILSCAP transactions during the administration of any given contract. DCAS activities should accumulate historical information on contractor performance and make it available to PCOs upon request.

(4) Modification/Inspect Repair as Necessary (MOD/IRAN) Contracts - These types of contracts provide for the receipt from DoD components of main frames for the addition, deletion or repair of subsystems. This requires a detailed flow of information between the PCO, CAO, ICP and using activity. There would be benefits in efficiency, accuracy and economy if this area were included in MILSCAP.

(5) Centralization of DoD Customs Duty Free Entry - The objective here is to centralize and mechanize the data necessary to clear shipments through customs and to provide responsive support to the needs of buying activities and the Bureau of Customs. Some work has been done in this area already. In 1967, the DCASR Detroit was given the central responsibility of Customs Duty Free Entry of Shipments from Canada. The system has proven feasible, but the flow of data for the purpose of duty free entry has been cumbersome and overburdening. Action currently before the ASPR Committee seeks to create a centralized handling of customs duty free entry of shipments from all other oversea areas. The extension of MILSCAP to include the duty free entry procedures and collaboration with the Bureau of Customs is a worthwhile and profitable objective in the opinion of the panel.

(6) Military Interdepartmental Purchase Requests - Provide for the interchange of information on MIPRs between the requiring service and the buying service in a manner similar to the exchange of data between the Purchasing Office and the CAS. This will assure that the requiring service is kept abreast of the status of MIPRs.

(7) Payment Without Check - Many major contractors are issued large numbers of checks which the contractor arranges to have hand-carried to his bank, increasing his overhead costs. A system to provide an automatic credit to the contractor's bank account, through the Federal Reserve System, would save costs for DoD, the banks, and the contractors.

The balance of these 20 areas are:

Cross-Disbursements
Funding Authorization from PCO to the ACO
Recommendation for removal of funds by the ACO
Contractor Weighted Average Sharing (CWAS)
Provisioning
Unsatisfactory Report System
Control of New FSNs on Contracts
Strike Reporting
Notification of Unsafe Contractor Conditions
Expenditure Management Data
Transmission of Quality Data
Packaging
Automated Contracts/Order Placement Program

It is our recommendation that DSA, as the DoD MILSCAP Administrator, in conjunction with the Military Departments' MILSCAP Project Officers, evaluate all areas for future MILSCAP expansion, using the 20 areas as a base for the expansion that should be made. Since they undoubtedly cannot be implemented into the MILSCAP system by 1 July 1970, a priority list should be developed for inclusion into MILSCAP as soon as possible after 1 July 1970.

MILSCAP provides a foundation for a uniform and responsive system. With further expansion of MILSCAP and attainment of responsive ADP operating systems in all Services and DSA, Contract Management can look forward to great strides in the 1970-73 time frame.

Gentlemen - this concludes our report.

# PANEL 7

## The CAS Computer Communications Network

## I. INTRODUCTION

### A. Objective:

The objective established for this Panel was "to isolate the major CAS Computer Communications Network problems and describe actions for resolution." The panel broadened its discussion to identify objectives and actions that should be taken to insure an effective and efficient CAS operation in the 1973 time frame.

### B. Panel Composition:

Mr. John C. Rimkus (DSA Headquarters), Chairman

Mr. Clyde Begley (Army Materiel Command) Co-chairman

Mr. E. J. Jordan (Army Munitions Command)

Mr. Patrick J. Brady (Army Strategic Communications Command)

Commander Robert P. Perry, SC, USN (Navy Material Command)

Mr. Gus Papalios (Air Force Logistics Command)

Mr. Burl Griffin (Air Force Systems Command)

Mr. Robert G. Bordley (DSA-DCAS)

Mr. Theodore B. Gudis (DSA-DCAS)

Mr. Joseph Redding (DSA Headquarters)

Captain Robert A. Wells, SC, USN (OASD-I&L)

B. RECOMMENDATIONS

I-1. ASD (I&L) adopt a criteria defining responsive data systems to support contract administration offices.

I-2. ASD (I&L) support ADP equipment requirements to meet the criteria established for responsive data systems.

I-3. ASD (I&L) modify MILSCAP to recognize the need for discrimination of priority items on contracts in the processing and transmission.

II-1. ASD (I&L) sponsor an AD HOC committee composed of qualified MILDEPTS/Agency representatives from Functional, Data Systems and Communications areas of responsibility to develop definitive guidelines for relative importance and qualification of information for transmission via AUTODIN.

II-2. ASD (I&L) fully support the programs of the Military Departments and DSA for telecommunications needs for MILSCAP.

II-3. Military services and DSA advise ASD (I&L) of any difficulties that might preclude adequate telecommunications support for MILSCAP (1 July 1970).

III-1. DSA and the Military Departments vigorously pursue system development projects to provide a responsive Management Information System for all echelons of CAS management.

IV-1. That the ASPR committee be charged with the responsibility:

a. To review the requirements of MILSCAP in order to integrate the ASPR with need for source data automation and

machine sensible procurement documents.

b. To incorporate into ASPR, as soon as possible, the standard data elements of MILSCAP in order to alleviate the task of conversion to the MILSCAP system.

IV-2. That Contractors be encouraged by ASD (I&L) to participate in the MILSCAP program, such as by the acceptance of MILSCAP abstracts from PCOs, thereby perpetuating automated data from the PCO through the ACO to the contractor. Conversely, the contractor upon the completion of this action in production, shipping, billing and reporting should be encouraged to continue the processing of automated data through the furnishing of magnetic tapes, paper tapes or punched cards in lieu of hard copy documents like the DD-250.

V-1. That DSA as the DoD MILSCAP Systems Administrator, in conjunction with the Military Department MILSCAP Project Officers, evaluate all areas for future expansion of MILSCAP using the examples as indicative of the possible expanded uses for MILSCAP.

V-2. Develop a priority list of new items and implement within MILSCAP as soon as possible.

VI-1. The Military Services and DSA initiate a joint study with selected contractors to determine feasibility of the automated contract/order placement program.

VI-2. If determined to be feasible, the current MILSPOT/ MILSCAP programs be augmented to accomplish this program.

C. Report Format:

The report deals with two (2) topics that relate to readiness of data systems and telecommunications support to implement MILSCAP on 1 July 1970. The remaining topics address potential areas for improvement and expansion of MILSCAP subsequent to 1 July 1970 and considered attainable by 1973. Each of these topics is discussed in detail in Enclosures 1 through 8. A summary of the conclusions and recommendations contained in these enclosures is listed in paragraph II below.

## II. SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

A. Conclusions of the Panel.

I-1. It appears to the panel 1 July 1970 represents at best an initial implementation of MILSCAP. None of the military departments or DSA expect to achieve a responsive ADP operating system earlier than 1 January 1971. Specifically, the Air Force Logistics Command and Army Materiel Command are developing interim systems in order to meet MILSCAP implementation dates. These interim systems are being developed in parallel with the Army NAPALM Project and the AFLC Advanced Logistics System (ALS). This dual development effort is costly, redundant, operationally short-lived and not cost effective.

I-2. Plans for the military departments and DSA should provide definitive requirements for responsive data systems to support Contract Administration Offices beyond the 1 July 1970 implementation of MILSCAP.

I-3. MILSCAP does not discriminate between contracts of varying priorities in the transmission and processing of data. Intensively managed contracts require greater responsiveness than

routinely managed contracts.

II-1. Estimated increases for MILSCAP data traffic are substantial within the CAS community of interest but should not seriously impact the DCS AUTODIN from a network message handling capability standpoint.

II-2. Acquisition of additional AUTODIN subscriber terminals and upgrading of existing AUTODIN subscriber systems is required for MILSCAP implementation. MILDEPS and DSA have included additional/upgraded facilities in programming action.

II-3. Development of definitive DoD guidelines are urgently required to establish relative priority of documents among the numerous data programs and for uniform relationship with communication message precedence. Guidelines are also required for uniform data system application of restrictions on access to AUTODIN.

III-1. The present management information system(s) reports gross data which requires manual interpretation to be useful, and has limited value due to length of time required from the time of preparation to the time it is analyzed.

III-2. Management Information Systems are required which produce action/decision type data on those items which are "out of tolerance" to the norm.

III-3. The system should have the capability to provide management with the tools and techniques to make direct mechanical inquiries against data banks, and receive rapid responses to such inquiries.

IV-1. While a significant amount of effort has been expended in standardizing procurement forms in ASPR, there is still an enormous amount of work to be accomplished in making the forms in ASPR compatible with MILSCAP, and vice versa. The basic operating concept of MILSCAP was to capture, through source data automation techniques, the MILSCAP data at the same time a form was prepared. To date, this is impossible due to arrangement of the data in the procurement forms and the lack of correlation of this data to the MILSCAP card formats.

IV-2. Both the contractors as well as DoD activities can benefit from the advantages of exchanging machine processable procurement data.

V-1. The initial scope and coverage of MILSCAP is, to some extent, limited. There are additional areas into which an expansion of MILSCAP might prove fruitful.

V-2. The 17 areas discussed herein are potential examples for MILSCAP expansion.

VI-1. Each day of leadtime in the procurement process carries with it a financial burden. Reduction in leadtimes reduces the cost of maintaining inventory pipelines and costs of maintaining expanded stocks of inventory items. In addition, the manual processes of procurement add to the cost of the items because of the work expended in recording, negotiating and disseminating information such as price, quantity, terms and delivery schedule availability.

VI-2. To be sure, only the large volume DoD contractors could be expected to participate in this type of a program. Contemporary procedures must be retained on the procurements placed with contractor/suppliers that cannot economically participate in such a program.

VI-3. It appears likely that the prime weapons system contractors would be the logical place to begin such an automated program.

VI-4. The integration of the MILSPOT/MILSCAP programs with this one would provide a nearly complete closed loop data communications system which would encompass the acquisition process, i.e., internal automation of procurement up to contract/order award via MILSPOT, automated Contract/Order placement via the program outlined above, and Automated Contract Administration via MILSCAP.

VII-1. Duty free entry procedures, fully mechanized and centralized with DCAS activities, would greatly facilitate importation for all concerned within the DoD and the Bureau of Customs.

VII-2. The extension of MILSCAP to include duty free entry procedures and collaboration with the Bureau of Customs is a worthwhile and profitable objective.

VII-3. DCAS is the logical agency in which to centralize the duty free entry procedures.

VIII-1. A uniform method to number MIPRs in the three military departments and DSA must be established similar to the Procurement Instrument Identification Number (PIIN). This will

identify MIPR actions both to the requiring and buying activities.

VIII-2. A cross reference technique must be developed and used by both the Requiring and Procuring Departments for tracking MIPR line items to the PIIN/CLIN/ELIN on the award document regardless if the action were consolidated or separately contracted. Inherent in this requirement is the sub-cross referencing of unique in-house controls such as the ARMY PRON number and AFSC PCN number identification schemes.

VIII-3. Revisions to ASPR and MILSCAP procedures must be accomplished to provide for the transmission of production and status information between the Requiring and Purchasing activity. Preceding this, uniform record structure and standard codes must be developed to identify all transactions accruing to MIPR actions between major intraservice commands and Departments/Agencies.

VIII-4. The responsibility of information flow is envisioned to be incumbent upon the Buying activity, i.e., contracts would continue to be administered by the appropriate CAS; however, upon receipt of a transmission by the Purchasing Activity on data pertaining to a MIPRed contract, the Purchasing Activity would update its files and retransmit the information to the Requiring activity.

VIII-5. Mechanization of this area would eliminate the flow of hard copy DD 448-2 "Acceptances", and copies of solicitations. It would facilitate delinquency follow-up by virtually eliminating telephone, letter and TWX communications on routine matters. Finally, it would provide uniform internal procedures with respect to document numbering and compliment our interservicing techniques.

VII-1. That a DoD Task Group in coordination with the Bureau of Customs review the execution of customs forms and duty free entry certificates with the objective of mechanizing and centralizing the functional responsibility.

VII-2. That MILSCAP be expanded to include the operation of executing customs duty entry forms.

VIII-1. ASD (I&L) revise DoD 4105.63-M (MILSCAP) and ASPR as required to implement the interchange of MIPR data between the Purchasing and the Requiring Activities.

III. CONCURRENCES

The report has the concurrence of all panel members. It represents the composite views of panel members and is not necessarily indicative of any Military Service/Agency position. Therefore, it is recommended that the report be forwarded to the Military Services/ Agencies for staff coordination prior to action on the recommendations.

JOHN C. RIMKUS

CLYDE BEGLEY

E. J. JORDAN

PATRICK J. BRADY

ROBERT P. PERRY, CDR, SC, USN

GUS PAPALIOS

BURL GRIFFIN

ROBERT G. BORDLEY

JOSEPH REDDING

ROBERT A. WELLS, CAPT, SC, USN

THEODORE B. GUDIS

8 Encl

1. Responsive Data System to Service Contract Administration Offices
2. Communications to Support MILSCAP
3. Mgmt Info System for Contract Administration Services
4. Develop & Standardize Machine Sensible Documents Used in Contract Administration
5. Future MILSCAP Expansion
6. Automated Gov't Contractor Procurements
7. Centralization of DoD Customs-Duty Free Entry
8. MILSCAP Expansion to Include Outgoing MIPRs

I. Responsive ADP Operating System to Service the Contract Administration Offices.

A. Objective - To ascertain whether the plans of the Military Departments and DSA are designed to achieve a responsive ADP operating system to service their Contract Administration Offices in execution of their mission.

B. Discussion -

1. The term "Responsive ADP Operating System" is defined as a system which will:

a. Provide a total, integrated contract administration system.

b. Meet the MILSCAP time standards for processing and transmission of data.

c. Provide immediate access capability at the ICP-DCAS level.

d. Provide remote inquiry capability for contract administration where feasible.

e. Communicate data consistent with the relative priority of the contract.

2. The plans of each of the military departments and DSA have been examined in terms of the foregoing definition to determine the extent to which they meet the requirements of a "Responsive ADP Operating System":

a. Army -

Within the Army Materiel Command, it has been concluded that the type of information required for contracts retained for administration will be identical in nature to those contracts transferred to DCAS for administration. It should be recognized that in an integrated

data system, all procurement offices must retain contract execution data irrespective of retention or transfer of administration of the contract. Thus, contract execution data is required at the procuring offices whether or not the contract is internally administered or externally administered.

It should be further recognized that the function of procurement is only one aspect of a total logistics system, i.e., procurement is a source of serviceable materiel in the same manner that depot storage is a source of serviceable materiel or that overhaul and repair are sources of serviceable materiel. The total logistics system, therefore, must draw upon the procurement system as a source of materiel to replenish depot stock or to directly support Army customers world-wide. It follows that procurement data must satisfy both the procurement manager and the item manager (and collaterally the financial manager). The system as devised within the Army Materiel Command to support contract administration will be completely MILSCAP oriented with respect to input and output.

The MILSCAP implementation on 1 July 1970 will consist of modifying existing "pre-NAPALM" systems to accept MILSCAP input and produce MILSCAP output.

Attached as Enclosure 1 is a broad schematic of the approach to the NAPALM system by the Army Materiel Command which will be fully implemented by 1 January 1971.

b. Navy -

A MILSCAP impact study conducted in the fall of 1966 revealed that data processing facilities within the Navy Plant Representative Office were non-existent. The parameters of MILSCAP, however, dictated that the

CAO would receive machine sensible abstracts and also be required to transmit similar data. At the same time it was known that the contractors associated with each Navy Plant Representative had very extensive and elaborate data processing facilities on site. The Navy plan, therefore, was to extend the automation of MILSCAP beyond the CAO direct to the Contractor. This decision was based on the following considerations:

(1) Economically inadvisable for Navy to duplicate contractors' investment in ADP equipment and personnel.

(2) Latest status information is available from the contractor data bank rather than from a secondary Navy operated data bank.

(3) The contractors can also benefit from the advantages of MILSCAP and its mechanized input of an automated contracts/purchase orders.

(4) Earlier implementation of MILSCAP is possible with this method.

In order to implement this plan the Navy MILSCAP Staff has been to each of its NAVPROs/Contractors presenting its desires on the implementation of MILSCAP. Basically the Navy is requesting the contractors to modify or amend their present or planned Management System in order to provide data processing support for the NAVPRO in the MILSCAP program on 1 July 1970. In effect, the Navy's plan extends the automation and standardization of MILSCAP from the PCO through the ACO to the Contractor. With this extension, the automation can be perpetuated by the contractor as the contract/order is completed thereby feeding the MILSCAP system after the product is delivered with shipment information.

c. Air Force -

(1) AFLC Plan - The Materiel Acquisition System (MAS) is

The AFLC Plant Cognizance activities are attached to AFLC via as required tele-pak lines. As transactions that involve the Plant Cognizance activities are generated, they will be routed to the AMA nearest the Plant Cognizance activity and the data transmitted to the Remote I/O device at the Plant Cognizance activity.

Remote I/O devices will be located also in the Directorates of Materiel Management, Procurement and Production and Comptroller (Accounting and Finance). These devices will probably be capable of hard copy output and keyboard and/or card input. The remotes will be attached to the Central Processing Unit (CPU) at each AMA and each AMA CPU will be interconnected via a dedicated AFLC communications network.

All procurement and procurement related processes will be wholly incorporated into MAS and interface or integration with other processes such as Stock Control and Distribution, for example, will be accomplished via the Unified Data Base constantly maintained in IAS.

The implementation of MILSCAP by AFLC in July 1970 will be accomplished via an interim system entitled "Acquisition Support and Interim MILSCAP System". This system is being developed to provide AFLC participation in MILSCAP by the date established by DoD for implementation. The interim system will be operational for a short period of time, not expected to exceed six months, until the "Materiel Acquisition System" is developed as part of AFLC's Advanced Logistics Systems in December 1970.

(2) AFSC Plan -

Air Force plans provide for an Acquisition Management Information System (AMIS) within AFSC to cover administration of contracts

retained by the Air Force. The AMIS System is designed to accomplish the following:

(a) Provide for the automated abstraction and maintenance of most of the information presently found on contracts.

(b) Enable required or desired additive information to be tracked as necessary.

(c) Provide standardized machine-produced worksheets--eliminating hardcopy flow.

(d) Provide for standard data codes and data elements to be used in contract administration.

(e) Provide for flexible report formats through use of individually selected control fields.

(f) Provide standard summary and detailed status reports on any contract or line item.

(g) Provide for tracking the definitization, termination, physical completion and closeout status of contracts.

(h) Provide timely short inquiry and response capability.

(i) Provide an automated audit trail of contract events and status.

(j) Provide for automatic updates of information with simultaneous notification of interested organizations and agencies.

(k) Provide mechanized invoice control and voucher examination.

(l) Provide automated documentation of payments (invoices, DD 250s, destination acceptances).

(m) Provide automatic suspense control.

The AFSC System is planned to be initially implemented in July 1970 and to be fully operational by the end of calendar year 1970.

d. DCAS -

It is proposed that the system within DCASRs (MOCAS II) to be responsive to MILSCAP on 1 July 1970 will use computer equipment currently installed with some augmentation. The current equipment is sequential in nature, and the central processor is a Honeywell H-1200 or H-2200 with tapes. Thus, there will be no immediate access to the data bank. However, the time standards in MILSCAP for response preclude the use of mails between a DCASR and its districts and plant offices. Therefore, under the MOCAS II concept, it is proposed that a transmission and receiving device will be located at each district and plant office and connected to the DCASR.

Data input such as DD 250s and responses to inquiries will flow to the region and be stored. At the end of each cycle (four hours or eight hours), the stored data will be dumped and processed to update records and prepare MILSCAP transactions. Similarly incoming MILSCAP requests will be processed into the computer on a cyclical basis generating some requests for data and providing data to the district or plant offices. These will flow down through the communication net to those offices.

This, of course, does not provide anything like real time processing, but it does reduce the transfer of data time lag which is now in excess of normal mail times. However, any economical system will not be able to flow all data on a real time basis. There will always be those companies where there are only a small number of deliveries of non-critical items where mail is the proper route. The particular point

needs to be emphasized in this discussion. The DoD buys many items for many purposes, the bulk of these items being for stock; and there is no decision process required as long as the new items arrive before the current stock is exhausted. Real time is costly and should be applied on a selective basis.

C. Conclusions -

1. It appears to the panel 1 July 1970 represents at best an initial implementation of MILSCAP. None of the military departments or DSA expect to achieve a responsive ADP operating system earlier than 1 January 1971. Specifically, the Air Force Logistics Command and Army Materiel Command are developing interim systems in order to meet MILSCAP implementation dates. These interim systems are being developed in parallel with the Army NAPALM Project and the AFLC Advanced Logistics System (ALS). This dual development effort is costly, redundant, operationally short-lived and not cost effective.

2. Plans for the military departments and DSA should provide definitive requirements for responsive data systems to support Contract Administration Offices beyond the 1 July 1970 implementation of MILSCAP.

3. MILSCAP does not discriminate between contracts of varying priorities in the transmission and processing of data. Intensively managed contracts require greater responsiveness than routinely managed contracts.

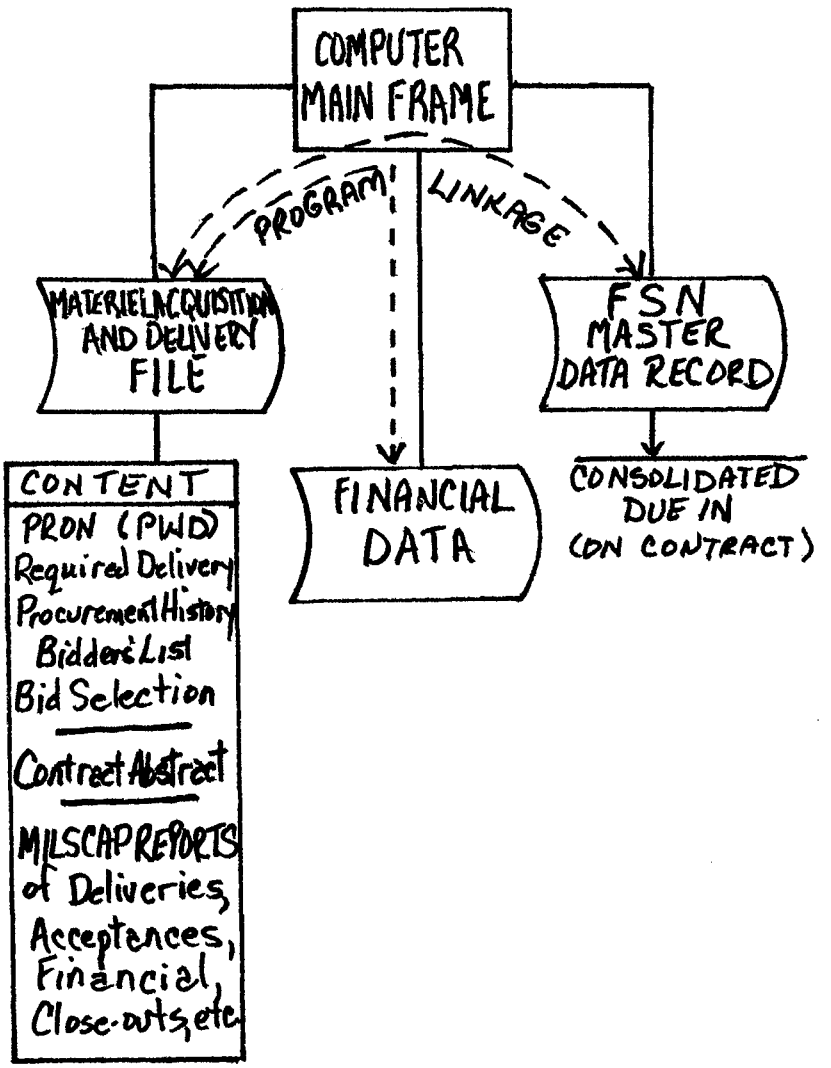
D. Recommendations -

1. ASD (I&L) adopt a criteria defining responsive data systems to support contract administration offices.

2. ASD (I&L) support ADP equipment requirements to meet the criteria established for responsive data systems.

3. ASD (I&L) modify MILSCAP to recognize the need for discrimination of priority items on contracts in the processing and transmission of data.

# NAPALM / MILSCAP CONCEPT



## II. Communications to Support MILSCAP

A. Objective - Examine adequacy of telecommunications equipment, systems, and facilities to support the MILSCAP system for each user of the system in each Military Service/Agency.

B. Discussion

1. MILSCAP provides for standardization of data elements, formats and response times of contract information, and therefore establishes a means for communication of information between purchasing offices, ICPs, project managers, funding officers and contract administration offices. Although transfer of information may utilize media such as mail and courier service, this paper is limited to telecommunication support of MILSCAP. Panel considerations were directed to both DCS AUTODIN and MILDEP/Agency telecommunication facilities as to adequacy for support of MILSCAP. Within the contract administration community of interest, implementation of MILSCAP is expected to increase data communication traffic requirements substantially. Except DSA no estimates of traffic volume were available for panel review. DSA is currently revalidating initial MILSCAP traffic estimates totaling 7.5 million line blocks (80 column card) per month. Present DSA Contract Administration data traffic is slightly over one million line blocks per month. DSA increases have been included in its consolidated traffic forecast furnished DCA. Although not precisely identified it is probable that MILDEP forecasts also include anticipated MILSCAP data traffic. While MILSCAP implementation will generate substantial increases in transmission of contract data, the increase is not expected to represent a significant impact on the DCS AUTODIN from a network message handling capability standpoint.

2. However, additional and/or upgraded MILDEP and DSA AUTODIN subscriber terminal facilities are required for adequate support of MILSCAP. The DSA digital communication support plan for contract administration service provides for upgrading all DCASR AUTODIN facilities commencing in January 1970 with completion in May 1970. The DCASR communication facility plan provides for access to AUTODIN and direct support of subordinate districts, offices and plants within each region. Initial analysis of DCASR telecommunication support requirements disclosed significant operational and economic benefits would be achieved by implementation of regional telecommunication concept. Validation and documentation of the plan is included in contract awarded for a comprehensive study of all DSA digital communication requirements. The contractor is required to develop specifications from which an RFP will be prepared for selection of systems required to implement the DCASR telecommunications support plan. ASD (I&L) approval of the regional concept and release of an RFP will be required. Specific details of MILDEP plans for subscriber communication facilities required for MILSCAP implementation were not available for panel consideration. However, MILDEPS requirements are understood to have been included in appropriate programming action and no problems as to adequacy of telecommunication support of MILSCAP were identified.

3. In summarizing panel considerations, MILDEP/DSA planning for telecommunications support of MILSCAP has anticipated essential requirements. While projected events in the several plans must be successfully completed to assure adequacy of telecommunications support, no change in MILSCAP implementation plans is suggested from this area. However, it

was apparent to the panel that a problem now exists and is compounded as each major program such as MILSCAP is developed and implemented. That problem is the absence of definitive DoD guidelines establishing a relative priority of documents among the numerous data programs for uniform relationship to communications message precedence. This problem transcends the scope of telecommunications management since data systems must provide for delineation of priority and selection of authorized message precedence. Data systems should also permit uniform application of restrictions on access to AUTODIN during MINIMIZE or other emergency conditions.

C. Conclusions

1. Estimated increases for MILSCAP data traffic are substantial within the CAS community of interest but should not seriously impact the DCS AUTODIN from a network message handling capability standpoint.

2. Acquisition of additional AUTODIN subscriber terminals and upgrading of existing AUTODIN subscriber systems is required for MILSCAP implementation. MILDEPS and DSA have included additional/upgraded facilities in programming action.

3. Development of definitive DoD guidelines are urgently required to establish relative priority of documents among the numerous data programs and for uniform relationship with communication message precedence. Guidelines also required for uniform data system application of restrictions on access to AUTODIN.

D. Recommendations

1. ASD (I&L) sponsor an AD HOC committee composed of qualified

MILDEP/Agency representatives from Functional, Data Systems and Communications areas of responsibility to develop definitive guidelines for relative importance and qualification of information for transmission via AUTODIN.

2. ASD (I&L) give full support for resources required for telecommunications needs for MILSCAP.

3. Military services and DSA advise ASD (I&L) of any difficulties that might preclude adequate telecommunications support for MILSCAP 1 July 1970).

III. Management Information System for Contract Administration Services.

A. Objective - to provide all echelons of Contract Administration Services with an automated Management Information System responsive to management's needs.

B. Discussion

1. Management Information Systems currently employed by DoD components and industry in general contain myriad of data for management analysis and action. In addition, data furnished through management information systems is generally historical in nature, approximately 20 - 30 days old at a minimum.

2. At present, the management of the CAS organizations monitor performance, workload and trouble areas on data which has a gross basis, that is, all the elements of data that are needed by the lowest level of management are counted and reported to the first echelon requiring the data. As additional echelons of management desire this information they are combined with like data and "rolled-up" to the next level of management. As each level of management receive these data they must be analyzed manually to determine any areas which require management attention and/or follow-up. Since these figures are produced on a periodic machine listing basis, i.e., monthly, much of the data is old when it is produced and therefore has only limited value.

3. There is a need to sophisticate the Management Information Systems as they exist today. The objective should be to provide only the data which management has defined as being of a nature requiring attention or decision. The system should establish parameters of what the normal condition for a particular item is supposed to be. As processing occurs in the operating system the computer would be monitoring for "out of tolerance" situations and would automatically alert the level of management which is monitoring this particular data so that actions or decisions could be initiated quickly. In addition, this system should provide the various echelons of management with the ability to make direct mechanical inquiries against any of the data banks within CAS or other designated data banks such as Defense Logistics Services Center (DLSC). The responses to these inquiries should be made available within a reasonably short time and be either printed out on mechanized equipment or displayed on a cathode ray tube in their immediate area or both. This system should be made available to all levels of CAS management.

C. Conclusions

1. The present management information system(s) reports gross data which requires manual interpretation to be useful; and has limited value due to length of time required from the time of preparation to the time it is analyzed.

2. Management Information Systems are required which produce action/decision type data on those items which are "out of tolerance" to the norm.

3. The system should have the capability to provide management with the tools and techniques to make direct mechanical inquiries against data banks, and receive rapid responses to such inquiries.

D. Recommendation - DSA and the Military Departments vigorously pursue system development projects to provide a responsive Management Information System for all echelons of CAS management.

## IV. Develop and Standardize Machine Sensible Documents Used in Contract Management

A. Problem/Objective - many of the forms and documents which are prescribed for use in the Contract Management function are neither standardized nor machine sensible and will require key punching type abstraction to enter the data processing system.

B. Discussion - the problem of developing standardized machine sensible documents falls into two phases; those initiated by Government Organizations and those initiated by Contractors. Discussion and resolution of the problem then necessarily must be on both phases.

PHASE 1 - as far as Government prepared forms are concerned, much effort has been expended and little progress is being made on standardizing machine sensible forms used in Contract Management. Regardless of this effort however, each form being entered into the data processing system requires the manual manipulation of a key driven device to make it machine sensible. By standardizing the placement of data on contracts and modifications to contracts, source data automation could be achieved on the preparation of these forms. This source data automation could be highly sophisticated such as a computer preparing the contract with resulting automatic magnetic tape or punched card abstracts being forwarded to the office administrating the contract or else the contract could be prepared on a typewriter with a special standard font and then it could be optically read on high speed document readers to prepare the abstract.

Although there has been standardization of the PIIN and CLIN, there has been little standardization of the contract format. Thus, optical scanning and flexowriter type techniques cannot be used to convert contract abstracts into machine processable form. Yet, the data included in the MILSCAP contract abstract is standard and required in a contract. Under MILSCAP, the PCO must supply a punched card abstract to the CAS office. This will result in a very expensive operation requiring the preparation of a transcript slip and the subsequent key punching, or it could be a relatively inexpensive operation using either optical scanning, computer by product or flexowriter techniques.

PHASE II - those documents generated by the contractor, e.g. DD-250, Contractor Invoices, DD-375, etc., are also candidates for source data automation. Many contractors have computer capability in furnishing documents or magnetic tape, paper tape or punched card form, subject to GAO approval. Those contractors without computer capability should be encouraged to use typewriters with a standard font when preparing their documents, thereby allowing the use of optical readers. These efforts will work only with a standard form and standard placement of data. To complement this concept, the Contractors should be asked to participate in MILSCAP and should be offered copies of the Contract Abstract to save them creating their own input and thereby reducing their data processing costs. Naturally the Contractors would modify their own Management Information System to accept these abstracts.

Standardized machine processable follow-ups and replies are possible from all DOD components to all contractors that are participating. Notice of delays should also come from the contractor in machine sensible form. There are other areas for consideration, such as the modification/ IRAN Program. The government should furnish the contractor, in machine sensible form at the time of direction, when an aircraft is to enter the program. As decisions are made, these should be fed back to the PCO with an estimated completion date. The area of interchange, between the government and the contractor through the CAS component, offers tremendous advantages.

C. Conclusions -

1. While a significant amount of effort has been expended in standardizing procurement forms in ASPR, there is still an enormous amount of work to be accomplished in making the forms in ASPR compatible with MILSCAP, and vice versa. The basic operating concept of MILSCAP was to capture, through source data automation techniques, the MILSCAP data at the same time a form was prepared. To date, this is impossible due to arrangement of the data in the procurement forms and the lack of correlation of this data to the MILSCAP card formats.

2. Both the contractors as well as DoD activities can benefit from the advantages of exchanging machine processable procurement data.

D. Recommendations -

1. That the ASPR committee be charged with the responsibility:

a. To review the requirements of MILSCAP in order to

integrate the ASPR with need for source data automation and machine sensible procurement documents.

b. To incorporate into ASPR, as soon as practicable, the standard data elements of MILSCAP in order to alleviate the task of conversion to the MILSCAP system.

2. That Contractors be encouraged by ASD (I&L) to participate in the MILSCAP program, such as by the acceptance of MILSCAP abstracts from PCOs, thereby perpetuating automated data from the PCO through the ACO to the contractor. Conversely, the contractor upon the completion of this action in production, shipping, billing and reporting should be encouraged to continue the processing of automated data through the furnishing of magnetic tapes, paper tapes or punched cards in lieu of hard copy documents like the DD-250.

V.. Future MILSCAP Expansion.

A. Problem - MILSCAP represents an expression of the CAS data requirements of the future; however, its initial scope and coverage is, to some extent, limited. It is necessary to establish some objective of specific areas into which an expansion of MILSCAP might prove fruitful.

B. Discussion - While a list containing any number of areas can eventually be generated, the following points should receive early attention and investigation for automation:

1. Termination Notification - Provide techniques to allow a PCO to quickly notify a CAO that a termination (for either convenience or default) is in process and to "freeze" any action that may be taking place or is scheduled to take place on a portion of a contract or a total contract. This will allow quick notification of all interested functional areas, as well as force a decision by the Termination Contracting Officer on each action which is to be taken.

2. Cross - Disbursement - at the present time each of the Military Departments/Agencies disburse their own funds on a contract except those contracts being administered by DCAS. For DCAS administered contracts, any Department/Agency funds are disbursed but under different Disbursing Officer Symbols. In many cases, contracts retained by the Departments/ Agencies for administration and those being administered by Plant Cognizance Representatives have different Department's funds. When this occurs, the Department funding that contract or portion of the contract retain the disbursing function. The OASD (Comptroller) presently does not allow cross-disbursements; however, he should be asked to investigate

the feasibility of allowing cross-disbursements with the MILSCAP system being expanded to provide the same data from these payments as is presently provided if a DCASR disburses funds.

3. Funding Authorization from the PCO to the ACO. The ACO is, from time-to-time, delegated the responsibility to complete a modification to a contract. Where there is an increase in price, the ACO must receive a commitment of funds from the PCO. At times, this is delayed. The mode of transmission could be speeded up if this were sent as a MILSCAP transaction. This would also standardize the form and eliminate the flow of paper. Requests for funds could also be sent mechanically from the ACO to the PCO, thus eliminating another flow of paper.

4. Recommendation for Removal of Funds by the ACO. The ACO is required to review cost contracts at least quarterly for the funds needed on the contract. By placing this in MILSCAP, it will provide faster notification and permit the buying office an opportunity to establish a control on these actions to assure that needed funds are removed in a timely fashion. This might reduce the many special exercises that ACOs and PCOs, as well as auditors, have had to undertake in the past to remove excess funds.

5. Contractor Weighted Average Sharing (CWAS) - Provide inputs which will show whether a contractor has applied for a CWAS approval, whether the application has been approved or disapproved, or whether the application is pending. The input should also include the CWAS rating and the administrative controls which would be relaxed as a result of the CWAS approval. These controls would be the review of reasonableness of indirect costs, the elimination of overtime approvals, the removal of the requirement for contractor

procurement reviews, and the elimination of the requirement for consent to individual subcontracts except those required by statute.

6. Provisioning - Objectives for the expansion of MILSCAP in the management of contracts with provisioning requirements are the following:

a. Abstracting of the contractor's recommended list of spare/repair parts items to the provisioning activity. Under existing procedures, the contractor submits his recommended provisioning lists directly to the provisioning activity by EAM card or hard copy listing, via mail. This process could be accelerated if the contractor furnished the listing directly to the CAO for abstracting under the MILSCAP procedures. After the selection of items to be ordered by the government, the provisioning activity/purchasing office would abstract the selected items to the CAO in the MILSCAP format, as a Provisioning Order, deleting Exhibit Line Item Number (ELIN) originally recommended but not selected by the government.

b. Uniform abstracting of funding data along with the Provisioning Order. As now conceived, in cases where funds are cited separate from the Provisioning Order (the Air Force Provisioning Orders Obligating Document (POOD) System), the funds data is not abstracted to the CAO. This problem can be overcome through the adoption by the Services of a standard DD Form Provision Order similar to the enclosure. This form has been developed under ASPR/CAP Case 67-327, which is now being considered by the Contract Administration Panel.

7. MOD/IRAN Contracts. MOD/IRAN type contracts provide for the receipt from DoD components of main frames for the addition, deletion, or repair of subsystems. This requires a detailed flow of information between the PCO, CAO, inventory control point, using activity, etc. There would be benefits in efficiency, accuracy, and economy if this were included in MILSCAP. The non-receipt of scheduled material often increases costs which could have been avoided with more accurate data in the proper hands.

8. Unsatisfactory Report (UR) System. The user is required to prepare an unsatisfactory report on material that is not acceptable. The present form is being standardized and a committee composed of representatives of the Military Departments/Agencies should have a final report shortly. This could be converted to machine form, placed under mechanical control, and more rapid response could be obtained by those needing to take action.

9. Pricing. There have been several studies indicating a need for a central data bank of pricing information within DoD. This data bank would have all prices on a particular FSN. Both the buying offices and the CAO should be able to query a data bank system. Rather than establish a separate system, this could logically be included in the MILSCAP system.

10. Control of New FSNs on Contracts. One of the more tedious tasks on a development contract is the control of obtaining new FSNs. There are many times when it becomes impossible to determine, if only from the sheer volume involved, whether the contractor or DoD has failed to live up to the time requirements of the contract. If this were included, in part, under MILSCAP, a controlled system could be easily developed so that responsibility could be affixed and, because of this, many future delays could be

avoided.

11. Payment Without Check. Many major contractors are issued large numbers of checks which the contractor arranges to have hand carried to his banks increasing his overhead costs. A system to provide an automatic credit to the contractor's bank account, through the Federal Reserve System, would save costs for DoD, the banks, and the contractors.

12. Strike Reporting. The Labor Relations advisor of the CAO must notify the PCO of a strike if the PCO is to be kept informed. This requires research and often large amounts of typing to provide this information. This could be reduced to a single entry to a computer if included as a MILSCAP reporting card which would provide notification of a strike to each PCO having contracts with undelivered material.

13. Notification of Unsafe Contractor Conditions. The PCO must be notified by the CAO when unsafe contractor conditions exist which require the removal of government representatives. This could be a simplified and more accurate reporting if it were included in the MILSCAP System. It would assure that all PCOs involved were notified and would provide means to keep them aware of what is going on at the contractor's plant.

14. Expenditure Management Data. From time to time, the Services and DSA have need of specialized reporting on expenditures, in summary form, faster than their normal expenditure reporting. This type of information could be provided in card form, thus reducing numerous phone calls as part of special efforts. This would be used on a required basis rather than on a regular reporting basis.

15. Transmission of Quality Data. A procedure, whereby ballistic test results will be transmitted to the DCASRs via AUTODIN, has been agreed upon by representatives of DCAS headquarters and the U. S. Army Munitions Command. This procedure will be implemented during October 1968 and will provide accelerated feedback of data compared to the conventional modes of communication presently in use. The system is adaptable to other types of quality data and should be considered for reporting first article testing, deviation approvals, and unserviceable material. Additionally, quarterly summaries of these data are being considered as an aid to management.

16. Packaging. The packaging requirements (preservation packaging, packing, marking and unitization) are prescribed in many formats and degrees of detail. Contractual packaging prescription obtained through MILSCAP could enable the PCO to translate to the contractor through the ACO the requirements for performance and administration. By reversing the process the ACO can communicate the contract and contractor deficiencies and assure delivery of useable items, economically and efficiently.

17. Contractor Performance Evaluation. There is a need for each service to have access to the performance of contractors on past procurements. This data will be generated as part of the normal MILSCAP transactions during the administration of any given contract. The DCAS activities should accumulate historical information on contractor performance and make it available to PCOs upon request.

C. Conclusions

1. The initial scope and coverage of MILSCAP is, to some extent, limited. There are additional areas into which an expansion of MILSCAP might prove fruitful.

2. The 17 areas discussed herein are potential examples for MILSCAP expansion.

D. Recommendation -

1. That DSA as the DoD MILSCAP Systems Administrator, in conjunction with the Military Department MILSCAP Project Officers, evaluate all areas for future expansion of MILSCAP using the above examples as indicative of the possible expanded uses for MILSCAP.

2. Develop a priority list of new items and implement MILSCAP as soon as it is possible.

| 1. ORDER/MODIFICATION NO. *(Procurement Instrument Identification No.)* | 2. EFFECTIVE DATE | 3. CONTRACT LINE ITEM NO. | 4. EXHIBIT IDENTIFIER CODE |
|---|---|---|---|
| | | | |

| 5. ISSUED BY *CODE* | 6. ADMINISTERED BY *CODE* |
|---|---|
| | |

| 7. CONTRACTOR *CODE* / *FACILITY CODE* NAME AND ADDRESS *(Street, City, County, State, and ZIP Code)* | 8. PAYMENTS WILL BE MADE BY *CODE* |
|---|---|
| | 9. TOTAL ITEM PRICE $ |
| | INCREASE IN PRICE $ |
| | DECREASE IN PRICE $ |
| | ☐ ESTIMATED ☐ FIRM |

| 10A. SHIP TO/MARK FOR *CODE* | 10B. SHIP TO/MARK FOR *CODE* |
|---|---|
| | |

| 10C. SHIP TO/MARK FOR *CODE* | 10D. SHIP TO/MARK FOR *CODE* |
|---|---|
| | |

11. ACCOUNTING AND APPROPRIATION DATA

12. ADMINISTRATIVE INSTRUCTIONS

| 13. UNITED STATES OF AMERICA | 14. NAME OF CONTRACTING OFFICER *(Type or Print)* |
|---|---|
| By _____ *(Signature of Contracting Officer)* _____ *(Date)* | |

DD FORM (Proposed)

## VI. AUTOMATED GOVERNMENT/CONTRACTOR PROCUREMENTS

Problem/Objectives: Reduce the administrative leadtime to place orders/contracts and acquire production or delivery information.

Discussion:

The tremendous technological advances in communication and computer capability, coupled with essentiality of cost effective procurements, make necessary the investigation into improved methods of inventory replenishment. One area that appears feasible is that of direct order placement computer to computer with large volume government contractors. This possibility is enhanced where Basic Ordering Agreements and/or Catalog Contracts exist with prime weapons systems manufacturers or large suppliers of inventory items.

Studies and systems have been developed on automating the acquisition of supply items for the Departments/Agencies of DoD. MILSPOT (Military Standard Purchase Operating Techniques) is an example of a total DoD effort now underway in automating the acquisition process. As other Military Standard Systems and Federal programs are implemented, the basic requirements of automated order placement are advanced. Item identifications and descriptions, sources of procurement, method of procurement, packaging, packing and preservation data transportation instructions and uniform organizational entity codes are examples of the advances that were prerequisites to MILSPOT.

The availability of these data coupled with data on the ADPE and communications capability of our contractors, open the door to automated order/contract placement. As inventory requirements are computed, an

integrated data network could be interrogated to bring together all the components of a procurement package. Through the means of the CAO communication network, the potential suppliers could be solicited by the purchasing activity's computer system direct into the potential supplier's computer systems. Information extracted on price, quantities available, terms and delivery schedules would be immediately available to the Inventory Managers, Buyers and Contractors alike. Where ADPE decisions could be reliably made, the successful contractor would automatically receive a purchase order or contract.

Where Basic Ordering Agreements have been concluded or Catalog Contracts exist, a delivery or purchase order can immediately be placed with the contractors involved.

Production status, Delivery information and Contract payment data could be transmitted directly between the Purchasing Activity and the supplier through the Contract Administration Communications Network.

Conclusions:

1. Each day of leadtime in the procurement process carries with it a financial burden. Reduction in leadtimes reduces the cost of maintaining inventory pipelines and costs of maintaining expanded stocks of inventory items. In addition, the manual processes of procurement add to the cost of the items because of the work expended in recording, negotiating and disseminating information such as price, quantity, terms and delivery schedule availability.

2. To be sure, only the large volume DoD contractors could be expected to participate in this type of a program. Contemporary procedures must be retained on the procurements placed with contractor/suppliers that cannot economically participate in such a program.

3. It appears likely that the prime weapons sytem contractors would be the logical place to begin such an automated program.

4. The integration of the MILSPOT/MILSCAP programs with this one would provide a nearly complete closed loop data communications system which would encompass the acquisition process, i.e., internal automation of procurement up to contract/order award via MILSPOTS automated Contract/Order placement via the program outlined above and automated Contract Administration via MILSCAP.

Recommendations:

1. The Military Services and DSA initiate a joint study with selected contractors to determine feasibility of the automated contract/order placement program.

2. If determined to be feasible, the current MILSPOT/MILSCAP programs be augmented to accomplish this program.

an integral part of the AFLC Advanced Logistics System (ALS). It is wholly contained, in conceptual form, in the ALS Master Plan. The MAS System is process oriented, designed for operation on real time ADPE and covers all actions related to materiel acquisition from the determination of a requirement to contract close-out. It will operate at all AFLC AMAs.

The MAS System will maintain an active file in Immediate Access Storage (IAS) of all Procurement Requests (PR), Military Interdepartmental Procurement Requests (MIPR) and Contractual actions. A history file, probably tape storage, will be maintained on completed PRs, MIPRs and Contracts. The system will operate at the FSN level with appropriate cross reference routines to PR/MIPR and Contract numbers.

Upon determination of a requirement to buy, the MAS will output PR/MIPRs to the appropriate Item Manager (I/M) for a buy decision. If a buy is to take place, the I/M will notify MAS via remote Input/Output (I/O) and the PR/MIPR will be transmitted to Procurement for action. The PR/MIPR quantity will be reflected in the Unified Data Base as a firm due-in and available for use by other logistics systems that require this data. When a contract is awarded, the MAS System updates the Unified Data Base, abstracts the action and transmits same to DCASR and informs interested organizations of the contract award.

DCASR transmissions of MILSCAP records, such as DD 250s and/or inquiries or replies, are routed automatically to the systems requiring the information. In the case of inquiries or replies, the routing is to the appropriate Remote I/O device in the functional areas.

VII. CENTRALIZATION OF DoD CUSTOMS - DUTY FREE ENTRY

A. OBJECTIVE. To centralize and mechanize the data necessary to clear shipments through customs and to provide economical and responsive support to the needs of buying activities and the Bureau of Customs.

B. DISCUSSION.

1. During 1967 the Defense Contract Administration Services took under consideration the centralization of customs duty free entry of shipments from Canada. Proper and suitable clauses in the ASPR were published and the function was centralized in DCASR Detroit. The system has proven feasible; however, the flow of data for the purpose of duty free entry has been cumbersome and overburdening. Action currently before the ASPR Committee seeks to create a centralized handling for customs duty free entry from all other overseas areas in the same format as is authorized for Canada.

2. Under the present system the prime CAO furnishes DCASR as relates to imports from Canada with the following information in hard copy:

a. Procurement instrument identification number.

b. Contractor name.

c. ASPR clause.

d. Identification of supplies and/or contract schedule.

e. Contract completion date.

f. Signature/title.

These data are thereafter used to complete the necessary consumption entry and consumption entry permit forms to satisfy the previously completed

application for special permit for immediate delivery. These are numbered forms CF 7501, CF 7501A and CF 3451 respectively.

3. Prior to the centralization of Canadian entry, shipments had been required to be cleared through over 100 ports of entry and there were over 100 DoD activities responsible for preparation and execution of the required forms and certificates. These numbers are continuingly applicable for other than Canadian imports. There is little doubt then that centralization should achieve economy and efficiency. However, in order to attain these end results, it is necessary that the hard copy data be transmitted into MILSCAP so that electrically transmitted information may not only be available for contract administration and procuring offices but for the interchange of data with the Bureau of Customs. In effect, the forms required would be eliminated and replaced by electrically transmitted data.

C. CONCLUSIONS.

1. Duty free entry procedures, fully mechanized and centralized with DCAS activities, would greatly facilitate importation for all concerned within the DoD and the Bureau of Customs.

2. The extension of MILSCAP to include duty free entry procedures and collaboration with the Bureau of Customs is a worthwhile and profitable objective.

3. DCAS is the logical agency in which to centralize the duty free entry procedures.

D. RECOMMENDATIONS.

1. That a DoD Task Group in coordination with the Bureau of Customs review the execution of customs forms and duty free entry certificates with the objective of mechanizing and centralizing the functional responsibility.

2. That MILSCAP be expanded to include the operation of executing customs duty entry forms.

VIII. MILSCAP EXPANSION TO INCLUDE OUTGOING MIPRs

A. Problem/Objective: Provide information on status of MIPRs to the requiring activity.

B. Discussion:

(1) The current MILSCAP procedures provide coverage of In Service procurement actions placed with a Defense Contract Administration Services Region (DCASR) for performance of the contract administration function. The coverage does not extend to Military Interdepartmental Purchase Requests placed between the three Military Services and DSA.

(2) These actions can be of two types: first, the placement of the requiring service MIPR on an exclusive contract; and second, the merging or consolidation of the other service requirement with the buying services' requirements on a single contract. The former is handled by receipt of the requiring service of a DD Form 448-2 "Acceptance of MIPR" which informs them of acceptance and forecasted dates of solicitation and contract award. When award is made, the Buying Service sends the Requiring Service a copy of the contract and all follow-up information flow between the two services is conducted on a manual basis. Due to the existence of the contract, follow-up action is not too difficult; however, it is manual.

(3) In the latter instance, information flow becomes extremely difficult because the identity of the MIPR is lost when a Category I acceptance is invoked. The items can be delivered from stock or are consolidated with the Buying Service requirement without identity to that portion belonging

to another service. Actual delivery schedules are unavailable, therefore MIPR desired schedules must be used which cause confusion, difficulty and in many instances needless follow-up action.

C. Conclusions:

(1) A uniform method to number MIPRs in the three military departments and DSA must be established similar to the Procurement Instrument Identification Number (PIIN). This will serve to identify MIPR actions both to the requiring and buying activities.

(2) A cross reference technique must be developed and used by both the Requiring and Procuring Departments for tracking MIPR line items to the PIIN/CLIN/ELIN on the award document regardless if the action were consolidated or separately contracted. Inherent in this requirement is the sub-cross referencing of unique in-house controls such as the ARMY PRON number and AFSC PCN number identification schemes.

(3) Revisions to ASPR and MILSCAP procedures must be accomplished to provide for the transmission of production and status information between the Requiring and Purchasing activity. Preceding this, uniform record structure and standard codes must be developed to identify all transactions accruing to MIPR actions between major intraservice commands and Departments/Agencies.

(4) The responsibility of information flow is envisioned to be incumbent upon the Buying activity, i.e., contracts would continue to be administered by the appropriate CAS; however, upon receipt of a transmission by

the Purchasing Activity on data pertaining to a MIPRed contract, the Purchasing Activity would update its files and retransmit the information to the Requiring activity.

(5) Mechanization of this area would eliminate the flow of hard copy DD 448-2 "Acceptances", and copies of solicitation. It would facilitate delinquency follow-up by virtually eliminating telephone, letter and TWX communications on routine matters. Finally, it would provide uniform internal procedures with respect to document numbering and complement our interservicing techniques.

(6) As a matter of information, AFLC has developed a uniform method of information exchange with AFSC on internal AIR FORCE PRs sent between these Major Air Commands. These procedures can be expanded to facilitate MIPR requirements. In addition, AFLC has concluded tri-service agreements with ARMY, NAVY and DSA on manual exchange of solicitation and contractual actions. Mechanization of these procedures is a logical and necessary extension of MILSCAP.

D. Recommendation :

ASD (I&L) revise DoD 4105.63-M (MILSCAP) and ASPR as required to implement the interchange of MIPR data between the Purchasing and the Requiring Activities.


* U.S. GOVERNMENT PRINTING OFFICE : 1968 / 343-841 (968) 118


Seated left to right: Mr. Griffin, Mr. Begley, Mr. Rimkus, Mr. Gudis, Mr. Papalios
Standing left to right: Mr. Jordan, Mr. Bordley, Cmdr. Perry